



# BUILDING BRIDGES

CALIFORNIA HOUSING FINANCE AGENCY 2011-2012 ANNUAL REPORT



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Additional Information is provided in the  
“Audited Financial Statements” and  
“Statistical Supplement” to the California Housing  
Finance Agency’s 2011-2012 Annual Report  
(Available on CD by request)

[www.calhfa.ca.gov](http://www.calhfa.ca.gov)

# BUILDING BRIDGES

## CONTENTS

	<b>2</b> Members of the Board
<b>3</b> Chair & Executive Director’s Message	
	<b>5</b> Single Family Programs
<b>10</b> Multifamily Programs	
	<b>12</b> Financial Services
<b>14</b> Support Services	

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Our mission is to create and finance progressive housing solutions so more Californians have a place to call home.

## 2011/2012

## MEMBERS OF THE BOARD



(pictured left to right, top to bottom)

Peter N. Carey, CalHFA Board Chair, President/CEO, Self-Help Enterprises • Claudia Cappio, Executive Director, California Housing Finance Agency, State of California • \*Ken Alex, Director, Office of Planning & Research, State of California • Linn Warren, Director, Dept. of Housing & Community Development, State of California • Michael A. Gunning, Vice President, Personal Insurance Federation of California • \*Ana J. Matosantos, Director, Department of Finance, State of California • Jack Shine, Chairman, American Beauty Development Co. • Ruben Smith, Partner, Alvarado Smith, A Professional Corporation • Jonathan C. Hunter, Managing Director, Region II, Corporation for Supportive Housing • Brian P. Kelley, Acting Secretary, Business, Transportation & Housing Agency, State of California • (not pictured) Bill Lockyer, State Treasurer, Office of the State Treasurer, State of California (\* Non-voting)

## CHAIR & EXECUTIVE DIRECTOR'S MESSAGE

California has been building bridges across ravines, waterways and other obstacles for generations, from the Golden Gate in San Francisco to the Coronado curving over San Diego Bay.

Like these iconic crossings, and every other span in the state, the California Housing Finance Agency helps low and moderate income families bridge their financial challenges in pursuit of affordable housing.

Providing this assistance has been at the center of our mission for more than 35 years, through economic recessions, seven U.S. Presidents, state budget crises and international conflicts.

The challenges facing those looking for homes have never been greater than in recent years: the double-digit jobless rate, the hard-hit housing market and the lingering economic effects from the Great Recession have combined to make it more difficult to find safe, decent and affordable housing.

CalHFA, however, continues to provide much-needed housing opportunities for Californians. Our single family lending programs continue to bridge the all-important gap of a down payment, while multifamily programs help disadvantaged populations make the crossing into mainstream society. Meanwhile, Keep Your Home California, a \$2 billion effort to help families remain in their homes, helps make the gulf smaller between what people owe on their homes and what they are able to pay.

CalHFA focuses on results – the numbers determine our success, and we had much to be proud of in 2011-12.

CalHFA funded almost 4,900 loans totaling \$27.5 million for the California Homebuyer's Downpayment Assistance Program, helping first-time homebuyers with down payment and closing costs. All allotted funds were distributed for the School Facility Fee Down Payment Assistance Program, which supported more than \$6.2 billion in economic activity over its life. The agency also approved or completed 61 projects for a combined \$76 million as part of the Mental Health Services Act Housing Program.

Keep Your Home California – a federally-funded foreclosure prevention program – has helped about 25,000 homeowners since February 2011. The program continues to assist more financially strapped families, answering more than 1,200 calls per day from homeowners looking for help from at least one of KYHC's four programs.

In less than 18 months, more than 90 participating mortgage servicers and more than 40 housing counseling agencies, which offer one-on-one counseling to homeowners, have joined Keep Your Home California.

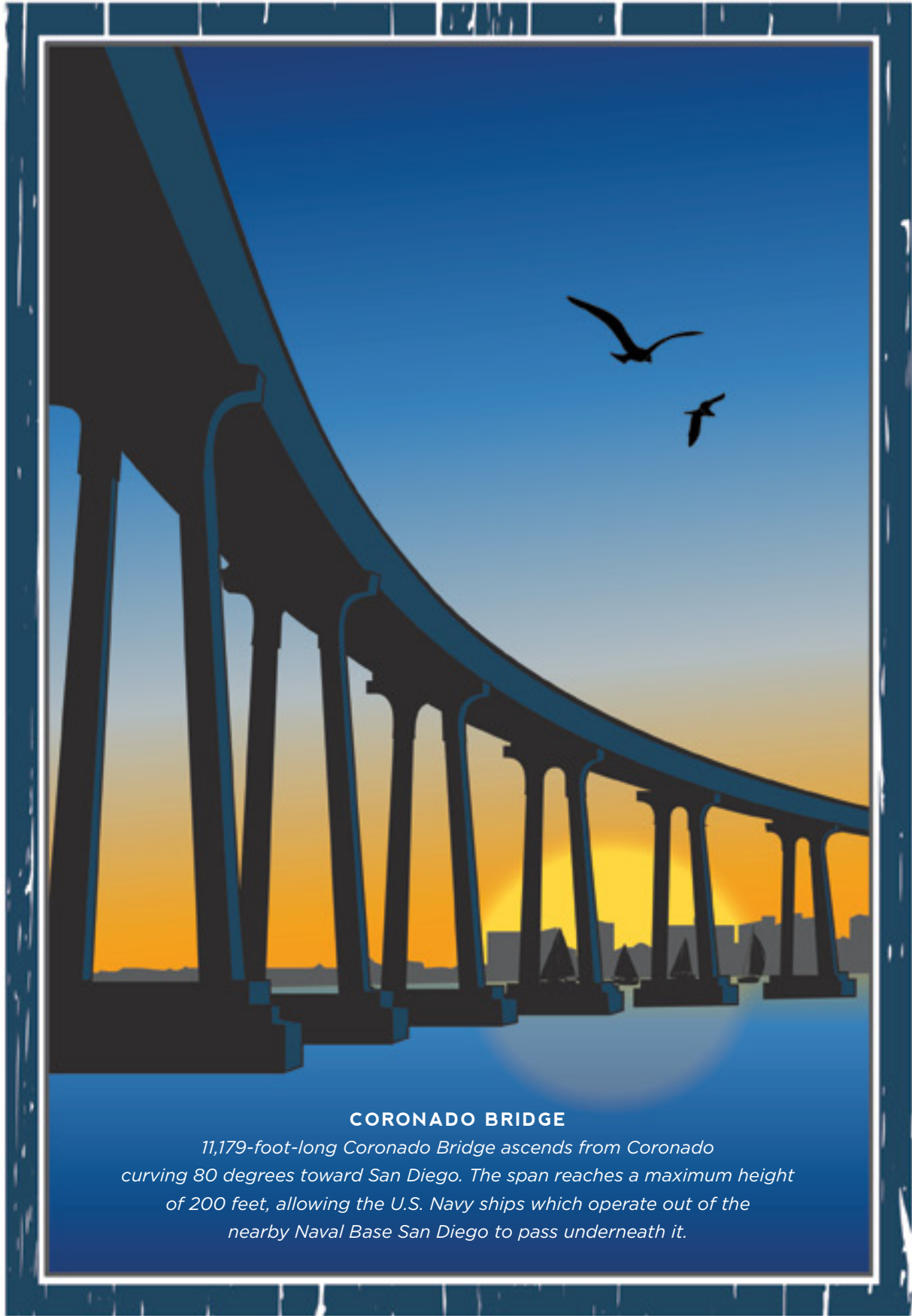
Even though we measure our success with numbers, CalHFA is much more than facts and figures. We work to modify existing loans in our Servicing division. We are working with the Legislature to address housing needs through government channels. We are finding new ways to increase internal efficiency and drive our operating costs down so we can continue to help Californians cross housing divides, whether financial or otherwise.

Much like the architects, engineers and hard-working employees who build bridges to open up new vistas and possibilities for Californians on the go, we work tirelessly to bridge the gap between the idea of a home and the reality of a place to call home.

The CalHFA team, from the members of our Board of Directors to the 250-person staff of dedicated individuals, will continue to help Californians regardless of the obstacles ahead – and regardless of the bridges we may need to build and cross.

Peter N. Carey  
CalHFA Acting Board Chair

Claudia Cappio, Executive Director  
California Housing Finance Agency



**CORONADO BRIDGE**

*11,179-foot-long Coronado Bridge ascends from Coronado curving 80 degrees toward San Diego. The span reaches a maximum height of 200 feet, allowing the U.S. Navy ships which operate out of the nearby Naval Base San Diego to pass underneath it.*

# SINGLE FAMILY PROGRAMS



## Single Family Lending

The Single Family Lending division works to help first-time homebuyers and others purchase homes in California. Traditionally, this has been accomplished through the financing of first mortgages, but the division’s focus has shifted to down payment assistance in the past few years. The division also works with lending partners, municipalities and others in the private and public sectors to facilitate homeownership.

### Accomplishments – Single Family Lending

#### Lending Programs

- Funded 4,891 loans totaling \$27.5 million for the California Homebuyer’s Downpayment Assistance Program (CHDAP) and supporting more than \$1.1 billion in first mortgage lending
- Disbursed remaining funds allotted to the School Facility Fee Down Payment Assistance Program, by issuing 2,005 grants totaling \$12.6 million. 14,000 grants were issued over the life of the program totaling \$61 million and facilitating more than \$6.2 billion in economic activity.
- Introduced a Mortgage Credit Certificate program

#### Special Programs Servicing/Administration

- Processed 191 subordination requests for the California Homebuyer’s Downpayment Assistance Program
- Processed 250 Extra Credit Teacher Home Purchase Program interest forgiveness recertifications
- Processed 117 School Facility Fee payoff requests

#### Affordable Housing Partnership Program

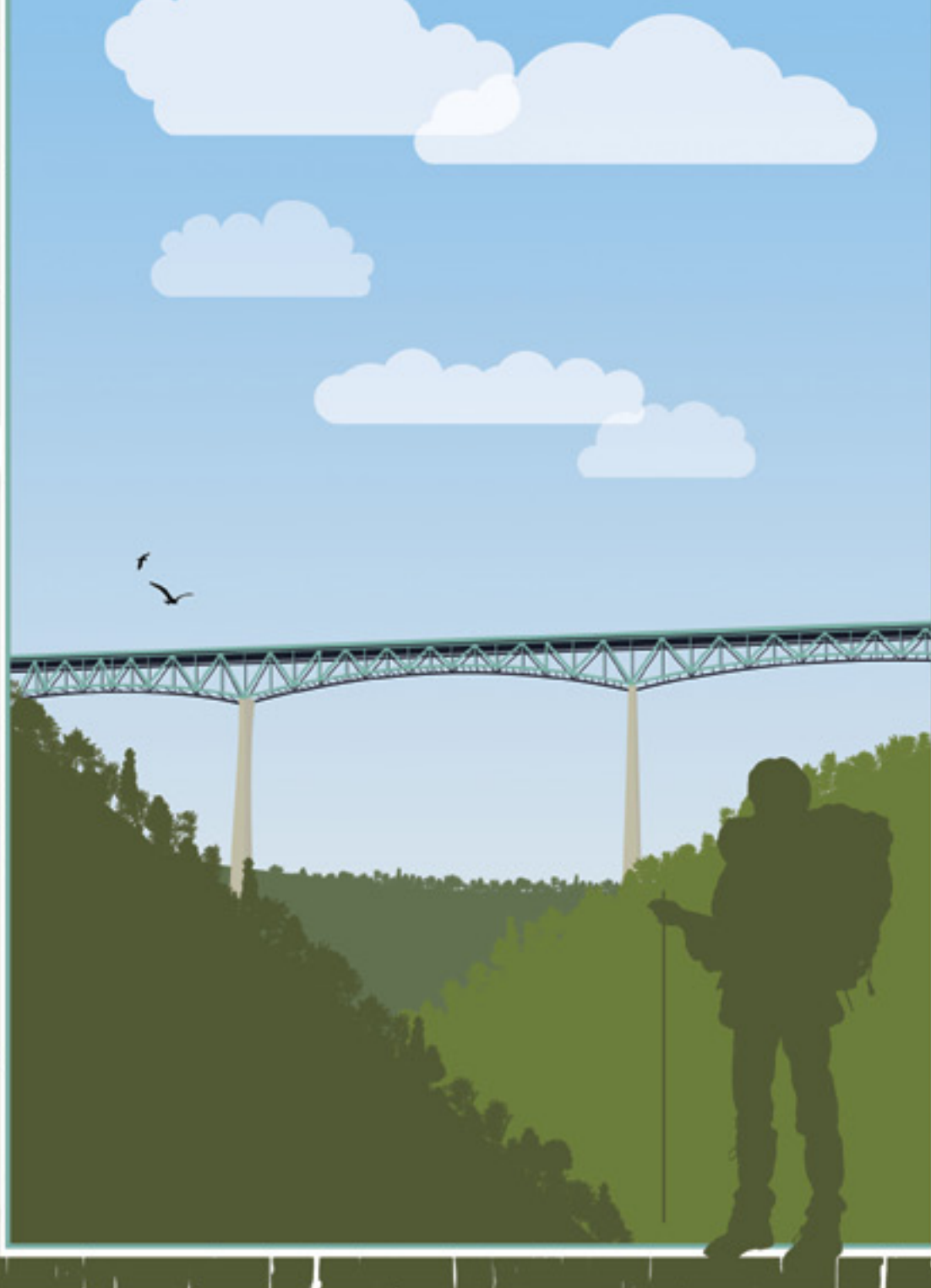
- Maintained 292 approved localities with a total of 539 approved programs
- Financed 45 first mortgage loans totaling \$6.8 million along with locality contributions to borrowers totaling \$2.3 million

#### Business Development and Lender Services

- Maintained and administered 42 active new lenders
- Approved four new lenders
- Processed 28 new lender applications
- Conducted 11 webinars and attended 16 housing events, reaching 9,915 attendees

### FORESTHILL BRIDGE

*The Foresthill Bridge is the highest bridge in California and the 4th highest in the US. Opened in 1973, the bridge spans the North Fork of the American River in the Sierra Nevada foothills, standing 731 feet above the riverbed.*



## SINGLE FAMILY PROGRAMS

### Portfolio Management And Mortgage Insurance

The Portfolio Management division works with outside servicers and oversees the maintenance, preparation for market and sale of properties. The division reaches out to mortgage servicers to encourage loan modifications for financially-strapped families and make them aware of their options. When families cannot keep their homes for financial reasons, the division works with its partners to resolve claims issues.

#### Accomplishments – Portfolio Management and Mortgage Insurance

- Processed 1,059 new REOs for the fiscal year, a 32 percent decrease from a year ago
- Sold 1,651 REOs, a 4 percent increase from a year ago
- Dramatically reduced REO inventory to 309, a 65 percent decline compared to a year ago
- CalHFA Multifamily inspectors reviewed and inspected repair and rehab work that was completed on properties, allowing the REO Manager to focus on marketing and closing sales

### Quality Assurance

The newly organized Quality Assurance/Support Unit was established in May 2012 to conduct internal audits, provide support reports on portfolio performance and metrics, administer vendor contracts, and implement industry best practices and standards.

#### Accomplishments – Quality Assurance

- Introduced a Borrower Authorization Form for inclusion in loan origination packages in order to obtain critical information
- Constructed internal audit databases, initiated revisions to the Servicer Guide, deployed a Trustee Sale, Condo Project and Contract Management databases four months after the unit was established
- Established a resources library available to all CalHFA employees
- Established an internal process for payment and accounting of vendor invoices and contracts



# SINGLE FAMILY PROGRAMS

## Loan Servicing

The Loan Servicing division provides service to the Agency's portfolio of single family loans. The division receives and processes payments, manages loans to minimize delinquencies and communicates with existing CalHFA borrowers.

### Accomplishments – Loan Servicing

- Serviced 8,468 first mortgage loans totaling an unpaid principal balance of \$1.84 billion
- Hosted two loan modification workshops in Sacramento and San Diego
- Completed 184 short sales
- Completed 110 modifications
- Collected more than \$6.05 million in Keep Your Home California funds during the 2011-12 fiscal year
- Developed programs to enhance loss mitigation efforts and improve customer service



## Keep Your Home California

Keep Your Home California was established under the U.S. Treasury Department's Hardest Hit Fund.

As part of the federally-funded program, California has almost \$2 billion to help eligible California homeowners avoid preventable foreclosures. So far, the program has helped about 25,000 struggling homeowners, with each facing a serious financial hardship.

Keep Your Home California has more than 90 mortgage servicers participating in at least one of the four programs, including almost 30 participating in all four programs.

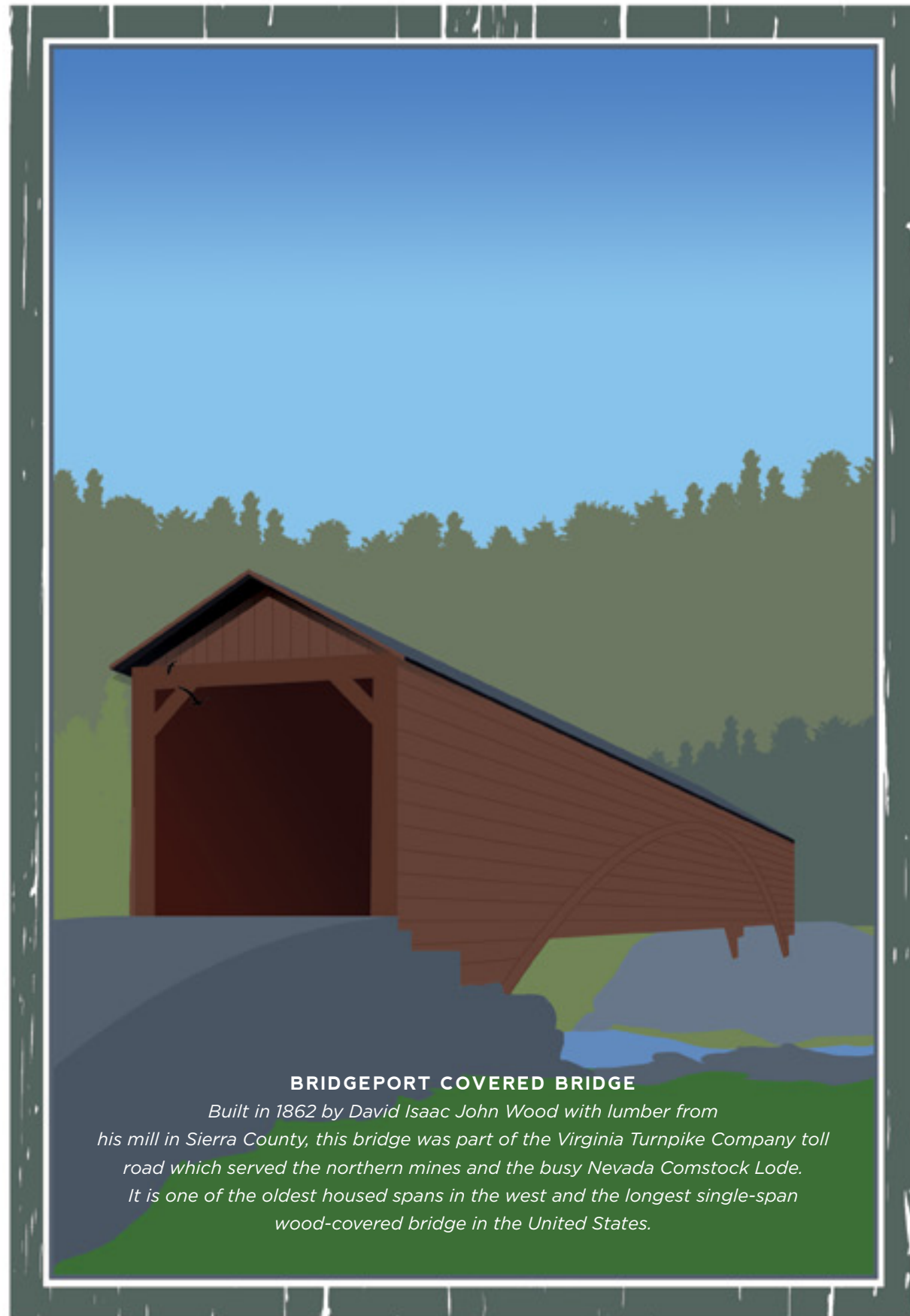
### Accomplishments – Keep Your Home California

- Funded or reserved more than \$428 million for 23,379 families in the form of unemployment assistance, principal reduction, mortgage reinstatement and transition assistance
- Partnered with the California Employment Development Department (EDD) to send flyers detailing the Unemployment Mortgage Assistance Program to 1.1 million Californians collecting unemployment benefits from EDD
- Implemented significant changes to the Principal Reduction Program, including doubling the amount of principal reduction, to encourage servicer participation in the program
- Announced the addition of 14 HUD-approved, nonprofit counseling agencies, providing homeowners more options when applying for assistance
- Maintained a strong outreach effort through traditional marketing, event attendance and social media
- Processed 1,200 customer inquiries per day to the call center

## SUNDIAL BRIDGE

*The Sundial Bridge is a cantilever spar cable-stayed bridge for bicycles and pedestrians that spans the Sacramento River in Redding, California. The support tower of the bridge forms a single 217 foot mast that points due north at a cantilevered angle, allowing it to serve as a gnomon; it has been billed as the world's largest sundial.*





## MULTIFAMILY PROGRAMS

### Multifamily

The Multifamily division provides financial support for new housing developments, special needs projects and the preservation of existing rental housing for very low and low income families. The division also administers funds from other sources, and works closely with other agencies to increase the number of affordable multi-unit dwellings in California.

#### Accomplishments – Multifamily

- Closed one CalHFA permanent loan for \$7.2 million, totaling 109 units of rental housing
- Underwrote four multifamily developments, under contract with the California Tax Credit Allocation Committee, resulting in four closed projects, 186 housing units using \$7.3 million of American Recovery and Reinvestment Act funds
- Approved and closed two projects with the New Issue Bond Program, representing 620 units and \$119 million
- Approved 33 projects totaling 426 units and \$36 million, and closed 28 projects totaling 364 units and \$40 million through the Mental Health Services Act Housing Program
- Combined New Issue Bond Program with HUD Risk Share to preserve affordable housing developments for families and seniors



### Asset Management

The Asset Management division plays a major role in preserving and maintaining affordable housing for CalHFA. The division manages the multifamily housing portfolio throughout the life of the typically 30 to 40 year loans, protecting CalHFA's real assets from loss and ensuring regulatory compliance. The division also works with building owners and managers to ensure properties are well-operated, fiscally sound, clean and safe for tenants.

#### Accomplishments – Asset Management

- Transferred 23 loans from multifamily programs via Mental Health Services Act (MHSA) Housing Program. Asset Management's role includes overseeing \$15.3 million in Capitalized Operating Subsidy Funds
- Decreased Section 8 contracts to 116, down from a one-time high of 135 contracts. Approximately 40 Section 8 projects terminate in 2013-15
- Completed its second year of testing the Prepayment Pilot Program, which allows loans to be paid off if the loan matures within seven years or less. Eight projects with loan termination dates prior to 2018 were paid off. The program has been extended through 2013
- Worked with the Financing division and Citibank to securitize \$119 million of multifamily loans, allowing CalHFA to eliminate a portion of its variable rate bonds. Asset management servicing was transferred to Citibank
- Expects to complete 11 portfolio loans for preservation by the end of 2012

## FINANCIAL SERVICES

### Financing

The Financing division supervises the capital used to finance CalHFA's affordable housing programs. It also handles the Agency's outstanding debt obligations and non-mortgage investments. The division frequently evaluates various alternatives for generating low-cost capital, including balancing risk versus benefit. CalHFA's tax-exempt issuance authority allows it to serve the affordable housing needs of Californians in a way that the general market cannot.

#### Accomplishments – Financing

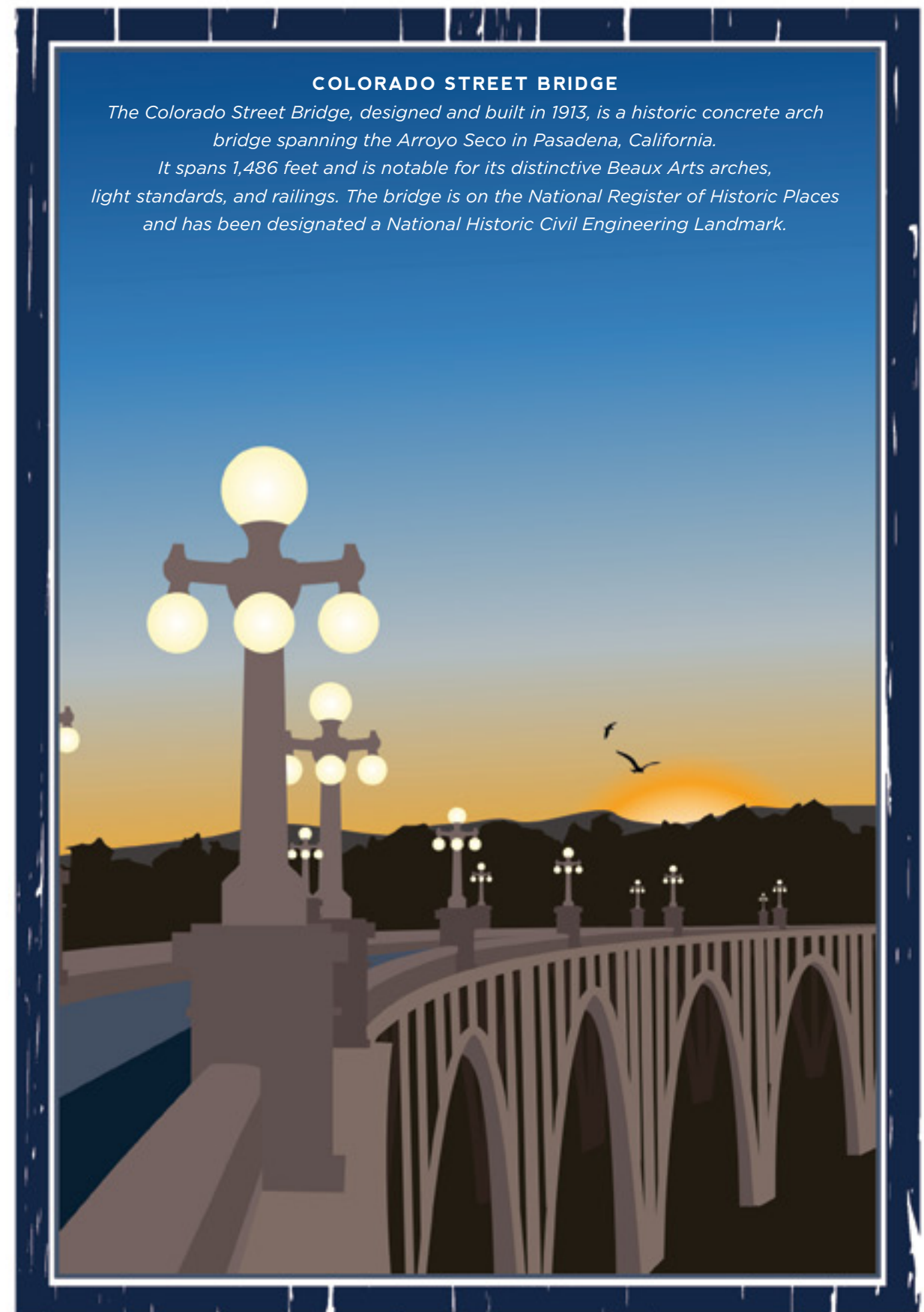
- Refunded \$92.7 million of Multifamily Housing Revenue Bonds with New Issue Bond Program funds
- Refunded \$466 million of Home Mortgage Revenue Bonds with New Issue Bond Program funds
- Closed \$30 million of multifamily conduit financing
- Securitized \$119 million of uninsured multifamily loans into Fannie Mae mortgage-backed securities
- Assisted in multifamily pilot prepayment and multifamily preservation programs
- Assisted with the development of the Mortgage Credit Certificate Program
- Negotiated commitment from U.S. Treasury to extend the deadline for the Temporary Credit and Liquidity Facility and New Issue Bond Program
- Reduced the amount of variable rate debt outstanding by \$797.6 million
- Reduced the notional amount of interest rate swaps outstanding by \$503 million
- Restructured collateral thresholds on \$1.9 billion of swap notional, which reduces the weekly collateral postings to swap counterparties
- Paid off Pooled Money Investment Account loan

### Fiscal Services

The Fiscal Services division safeguards CalHFA's cash and investments. The division reports financial information to the executive team that is critical to the management of the Agency's programs in accordance with federal and state requirements. The division works with an independent accounting firm to prepare the Agency's financial data audit.

#### Accomplishments – Fiscal Services

- Purchased or funded loans totaling \$50.9 million:
  - \$27.5 million for 4,891 CHDAP loans
  - \$21 million for 60 MHSA loans
  - \$1.4 million for one HELP loan
  - \$435,000 for multifamily construction draws
  - \$300,000 for one multifamily loan
  - \$247,000 for two RDLP loans
- Coordinated bond debt service and redemption payments totaling \$1.51 billion
- Paid swap payments of \$104 million
- Processed more than 31,000 invoices for payment
- Processed more than 9,000 check and wire remittances



#### COLORADO STREET BRIDGE

*The Colorado Street Bridge, designed and built in 1913, is a historic concrete arch bridge spanning the Arroyo Seco in Pasadena, California.*

*It spans 1,486 feet and is notable for its distinctive Beaux Arts arches, light standards, and railings. The bridge is on the National Register of Historic Places and has been designated a National Historic Civil Engineering Landmark.*

## SUPPORT SERVICES

Whether handling legal matters or marketing loan programs, the support teams make sure the Agency's business needs are met and CalHFA employees can focus on borrowers, homeowners, lenders and other outside stakeholders.

### Administration

The Administration division is responsible for the administrative functions of the Agency, including developing and maintaining the operating budget, establishing policies, maintaining facilities and procuring equipment, furniture and supplies.

#### Accomplishments – Human Resources

- Calculated and issued approximately 300 current and former employees' furlough back pay, totaling about \$3.5 million
- Recruited and hired 22 CalHFA staff
- Promoted 10 employees
- Revised approximately 70 duty statements

#### Accomplishments – Business Services/Facilities Operations

- Renegotiated records storage contract, with an annual savings of almost \$100,000
- Moved the Single Family staff to West Sacramento



### Information Technology

The Information Technology division implements and maintains technology systems for CalHFA in order to improve service to borrowers and partners, and keep the Agency on the cutting-edge of the mortgage industry.

#### Accomplishments – Information Technology

- Preparing to implement the Enterprise Content Management System for the Agency to enable the sharing and management of data via a secure electronic repository
- Leveraged new technology to enhance the infrastructure necessary to support CalHFA's business continuity plan
- Provided the technical infrastructure and support required for the agency's remote face-to-face events
- Implemented a new data collection and reporting system in support of multifamily programs
- Designed and implemented the technical requirements for the Agency's reorganization of Single Family Programs

## THE NEW SAN FRANCISCO – OAKLAND BAY BRIDGE

*The new Eastern Span for the San Francisco - Oakland Bay Bridge is set to open to the public Labor Day 2013 at an estimated cost of \$6.3 billion. It is designed to withstand the largest earthquake expected over a 1500 year period, and it is expected to last at least 150 years with proper maintenance.*



# SUPPORT SERVICES

## Office of General Counsel

The Office of General Counsel manages the legal affairs of CalHFA by providing counsel on day-to-day operations and strategic initiatives. The office also supports CalHFA's lending and insurance programs.

### Accomplishments – Office of General Counsel

- Assisted the Financing staff in negotiating collateral posting agreements with major swap counterparties, securitizing loans, bond sales and other strategies to enhance Agency liquidity and capital reserves
- Provided support for implementation of programs to provide other sources of income and assisted in developing proposals for additional fee-based sources of income
- Assisted with loss-mitigation strategies for single family programs, including the disposition of REO properties, curing delinquencies and mitigation of property risk
- Managed litigation connected with the Agency's single family portfolio from the still-struggling economy

## Legislative

The Legislative division works with various federal and state legislative, housing, business and other interest groups to identify and maximize opportunities to meet the housing and mortgage lending needs of low and moderate income families in California, and further the long-term business objectives of the Agency.

### Accomplishments – Legislative

- Worked to secure funding for an additional round of federal foreclosure counseling dollars
- Continued working with the California Legislature and Congress on issues affecting affordable housing, foreclosure prevention and mortgage lending throughout the state
- Implemented a number of changes to improve the efficiency and effectiveness of the Keep Your Home California foreclosure prevention programs

## Marketing

The Marketing division uses advertising, promotion and public relations to increase awareness of and accessibility to the Agency's products among lenders, real estate agents, builders, developers, localities and first-time homebuyers.

### Accomplishments -- Marketing

- Secured media placements worth almost \$1.06 million and reached 33 million people for CalHFA and the Keep Your Home California program
- CalHFA Leads Program Call Center responded to 2,896 incoming calls
- CalHFA web site had more than 3.3 million page views
- Completed more than 600 internal and external communication project requests

# CalHFA Staff

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Andrea Fulton  
Andrew Lee  
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Eden Saldana  
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Enoch Yeung  
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Eric Riegert  
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Erik Long  
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Gregory Ricard  
Guy Motter  
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Joe Moroni  
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Russell Nakao  
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Sabrina Saxton

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Sandra Gallagher  
Sandy Huang  
SangChol Thompson  
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Stephen Beckman  
Stephen Gallagher  
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Steve Pogoelski  
Sue Diurni  
Summer Kalwani  
Susan Murtishaw  
Susan Wagner  
Suzanne Ledesma  
Suzanne Uppinghouse  
Tammy Chapman  
Tammy Gauthier  
Tammy Moreno  
Tammy Yu  
Tanishia Hodge  
Tauna Bradell  
Teresa Creamer  
Teresa Glenn  
Thelma McIntosh  
Therese Volk  
Thien Le  
Tim Hsu  
Tom Armstrong  
Tom Dennis  
Tom Freeburger  
Tom Nann  
Tony Sertich  
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William Lee  
Wisheena Vercher  
Ying Lu



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